



ALLOCATION OF REVENUES FROM THE COMBINED PUBLIC BENEFITS CHARGE

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COMBINED PUBLIC BENEFITS CHARGE

For the average residential Eversource customer (using 700 kwh per month), the Combined Public Benefits (CPB) charge is approximately 5% of the bill. As of January 1, 2015, the customer's bill would total \$154.82, which includes a CPB charge of \$7.25.

Of that \$7.25, approximately:

- \$0.70 is the Renewable Energy Investment Charge,
- \$4.20 is the Conservation and Load Management charge (including the conservation adjustment mechanism), and
- \$2.37 is the Systems Benefit Charge.

ISSUE

This report shows the allocation of revenues from the Combined Public Benefits (CPB) charge on electric bills and explains how the funds obtained from it are spent. It also shows allocation of the Consumer Council and Public Utility Control Fund.

SUMMARY

The CPB charge on electric bills combines three separate charges:

1. Renewable Energy Investment Charge,
2. Conservation and Load Management (C&LM) Charge, and
3. Systems Benefit Charge (SBC).

The renewables charge is a 0.1 cent per kilowatt-hour (kwh) charge to support renewable energy programs. It is the primary funding source for the Connecticut Clean Energy Fund, administered by the Connecticut Green Bank. Among other things,

the fund supports programs that provide incentives for residential, commercial, and industrial renewable energy programs.

The C&LM charge is a 0.3 cent per kwh charge to support energy efficiency programs. It can be increased by up to an additional 0.3 cent per kwh through a conservation adjustment mechanism (CAM) under certain circumstances. It supports C&LM programs and has a budget of \$183 million for 2015, of which the initial C&LM charge accounts for approximately 45% of its revenues and the CAM accounts for 41%.

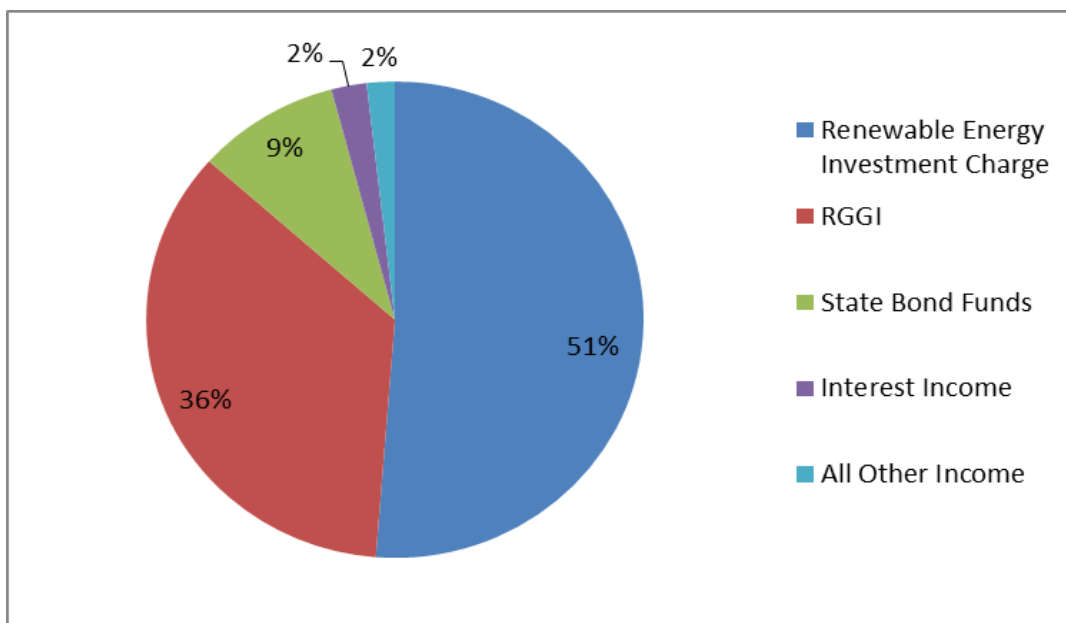
The SBC allows the electric companies to recover their costs from implementing various public policies. The SBC varies by electric company over time. Currently, it is 0.339 cent per kwh for Eversource (formerly known as Connecticut Light and Power or CL&P) and 0.4762 cent for United Illuminating (UI). The SBC will produce approximately \$40.14 million for Eversource and \$16.99 million for UI. The primary uses of the SBC are paying electric company costs associated with hardship customers and providing a program that matches payments made by customers with arrearages that further reduces the amount they owe.

The CPB charge does not fund administrative costs of the Public Utilities Regulatory Authority (PURA) or the Office of Consumer Council (OCC). Those expenses are funded through the Consumer Council and Public Utility Control Fund.

RENEWABLE ENERGY INVESTMENT CHARGE

By law, the renewable energy investment charge is at least 0.1 cent per kwh ([CGS § 16-245n](#)). This charge funds the Connecticut Clean Energy Fund, administered by the Connecticut Green Bank. The charge is expected to generate \$27.5 million in FY 15. For that same year, the Green Bank also expects to receive revenue through several other sources, for a total of \$53.7 million, as noted in Figure 1 ("All Other Income" includes grant income from federal programs, renewable energy credits, and loan closing fees):

Figure 1: Connecticut Green Bank Revenue Sources for FY 2015



Source: [Connecticut Green Bank](#)

The Connecticut Green Bank is a quasi-public agency that provides incentives and other financing options for renewable energy and energy efficiency installations or upgrades to homeowners, companies, municipalities, and other institutions. Table 1 shows a summary of their budgeted general operations and program expenses for FY 15, not including investment activities. (The Green Bank also disburses loans and recovers loan payments; those investment activities are outside the scope of this report.)

Table 1: Connecticut Green Bank FY 15 Budgeted Expenses Summary

Programs	Amount
<i>Operations and Program Budget</i>	
Statutory and infrastructure programs (e.g., anaerobic digester pilot, microgrid combined heating and power pilot)	\$3,197,600
Residential and multifamily programs (e.g., Smart E Loans, Cozy Loans, and CT Solar Lease 2)	\$4,854,600
Commercial and industrial programs (e.g., Commercial Property Assessed Clean Energy, Clean Energy Business Solutions)	\$3,921,100
Institutional programs (e.g., Lead by Example program for states and municipalities)	\$1,001,600
Other programs (e.g., CES Innovation Fund)	\$225,100
Connecticut Green Bank general operations	\$3,279,300
<i>Financial Incentives</i>	
Federal grant expenditures	\$75,000
Financial incentives (mostly for residential solar)	\$23,025,000
Payments related to interest	\$905,000
Loan loss provision	\$3,983,500

Source: [Connecticut Green Bank](#)

CONSERVATION AND LOAD MANAGEMENT CHARGE

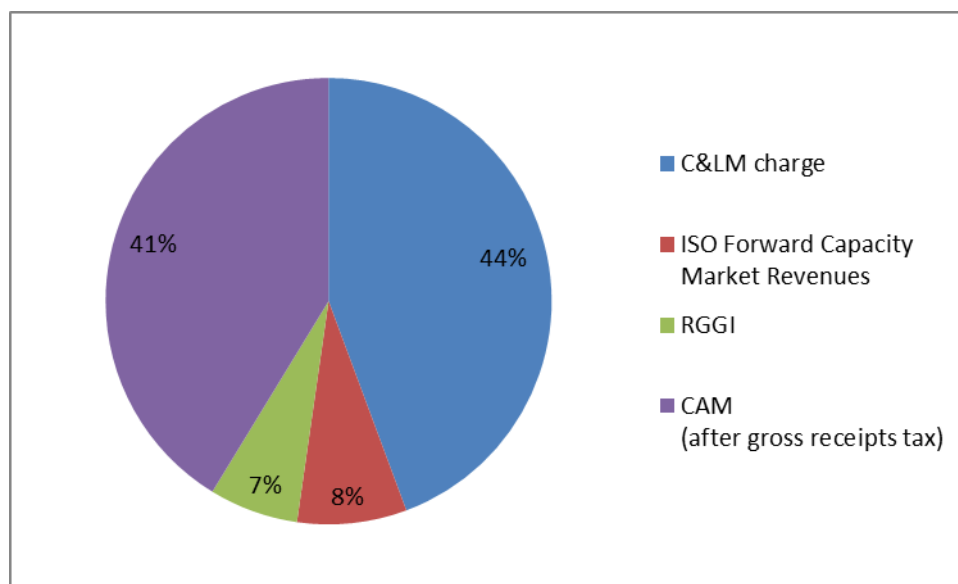
By law, a 0.3 cent per kwh charge on electric bills goes into a fund dedicated to programs included in the C&LM Plan ([CGS § 16-245m](#)). Conservation programs generally encourage energy efficiency. Load management programs generally encourage shifting when electric demand occurs to off-peak periods (which can reduce the cost of power for all customers).

The utilities (including natural gas local distribution companies) must submit the C&LM plan every three years to the Energy Efficiency Board (EEB). Once EEB approves the plan, DEEP must also review and approve the plan (in practice, DEEP also reviews updates to the plan). For the electric companies, if DEEP approves a

plan with a budget that exceeds revenues collected through the 0.3 cents per kwh charge, PURA must apply a CAM of no more than 0.3 cents per kwh to provide the necessary revenues for the plan's budget. In effect, the C&LM charge combined with the CAM must be between 0.3 and 0.6 cents per kwh.

In addition to the C&LM charge and CAM revenues, the fund also receives revenues from (1) RGGI payments and (2) participation in the forward capacity market administered by the Independent Systems Operator of New England (ISO-NE), as shown in Figure 2. The companies expect \$183,356,874 in C&LM revenues for calendar year 2015, much of that coming from the C&LM charge (\$82.6 million) and the CAM (\$76.9 million).

Figure 2: C&LM Revenues for Eversource and UI for Calendar Year 2015



Source: 2015 Annual Update of the 2013-2015 Electric and Natural Gas Conservation and Load Management Plan

Table 2 describes the major programs included in the 2015 update to the C&LM plan for 2013 through 2015, currently under DEEP review. Among the largest programs are:

1. home energy solutions (HES), which provides audits and efficiency services for residential customers, with additional services for income-eligible customers;
2. energy opportunities, which offers a wide range of services for commercial and industrial (C&I) customers;
3. programs aimed at small businesses; and
4. load management.

Table 2: Major Programs Supported by the Energy Efficiency Fund for 2015

Program	UI	Eversource
HES	\$3,544,026	\$19,076,439
HES-Income Eligible	\$3,218,122	\$17,215,620
Residential retail products	\$3,039,283	\$12,368,931
Residential new construction	\$300,000	\$1,970,921
Other Residential	\$584,199	\$2,700,000
Energy Opportunities (C&I)	\$5,991,491	\$35,196,568
Process Reengineering for Increased Manufacturing Efficiency (PRIME)	\$200,000	\$660,000
C&I Operations and Management	\$1,587,944	\$4,865,023
Small Business	\$3,916,157	\$17,207,951
Energy Conscious Blueprint	\$3,866,068	\$11,518,420
Load Management	\$0	\$3,500,000
Education	\$1,210,348	\$4,381,652
Renewables and research and development	\$132,692	\$442,308
Administration and planning	\$3,870,368	\$12,468,602

Source: 2015 Annual Update of the 2013-2015 Electric and Natural Gas Conservation and Load Management Plan

Systems Benefit Charge

By law, the SBC reimburses the electric companies for a wide range of public policy costs ([CGS § 16-245I](#)), including:

1. hardship protection measures,
2. PURA-approved low-income conservation programs,
3. payments to Operation Fuel,
4. a matching payment program, and
5. certain property tax payments.

PURA determines the amount of the SBC through a contested case proceeding in which it examines the companies' SBC expenses and sets a rate that will allow them to recover those costs. According to PURA, the current SBC for Eversource is 0.339 cent per kwh and the SBC for UI is 0.4762 cent per kwh. SBC revenues expected for 2015 are approximately \$40.1 million for Eversource and \$17 million for UI.

Table 3 shows Eversource’s estimated SBC expenses for 2015. Over 85% of the expenditures are for programs targeted to hardship or low-income customers. For example, the NU Start program allows certain low-income customers to have their past-due account balances removed from their bills over time as long as they make timely payments.

Table 3: Eversource Estimated SBC Expenses for 2015

Expense	Amount	Percentage of SBC Expenses
Reserve Accrual for Hardship Customers	\$34,166,000	50.66%
NU Start Write-Offs	\$17,112,000	25.37%
Matching Payment Program	\$7,427,000	11.01%
Energize CT Heating Loan Program	\$4,286,000	6.35%
Gross Earnings Tax**	\$2,608,000	3.87%
Operation Fuel	\$800,000	1.19%
Low Income Special Needs Customers	\$704,000	1.04%
Transition Property Tax Payments to Towns	\$169,000	0.25%
Carrying Charges on SBC Balance	\$108,000	0.16%
Prior Spent Nuclear Fuel Disposal Costs	\$65,000	0.1%
Total	\$67,445,000*	100%

Source: [PURA Final Decision in Docket No.: 99-03-36RE22](#)

*The total estimated expenses for 2015 were further reduced by \$26,027,000 for a return on spent nuclear fuel, leaving total estimated expenses covered by the SBC as \$41,418,000.

** The electric companies pay the gross earnings tax on their total earnings from power transmission and distribution. Since the SBC revenues increase these gross earnings, the SBC is “grossed up” to offset this increased tax liability.

CONSUMER COUNCIL AND PUBLIC UTILITY CONTROL FUND

The administrative costs of PURA and the Office of Consumer Council (OCC) are not funded through the CPB charge; rather they are funded through assessments on public service companies (including electric companies) with over \$100,000 in gross revenues in the state in the preceding calendar year. The assessments are deposited into the Consumer Council and Public Utility Control Fund, a special revenue fund held by the state treasurer and expended only with the General Assembly’s approval ([CGS § 16-48a, -49](#)). PURA annually assesses each company and determines its share of expenses for the OCC, DEEP’s Bureau of Energy and Technology Policy, some DEEP support staff, and PURA. In FY 15, for electricity only, Eversource will pay approximately \$7.3 million to the fund and UI will pay approximately \$2.2 million.

Expenditures from the fund are estimated at [\\$25.6 million for FY 15](#). Table 4 shows DEEP and OCC fund spending by category. DEEP's FY 15 budget for this fund, which includes PURA's administrative costs, is \$22.6 million, while the OCC's is \$2.8 million.

Table 4: Consumer Council and Public Utility Control Fund, FY 15

Category	DEEP	OCC
Personal services	\$11,495,649	\$1,353,521
Other expenses	\$1,479,456	\$282,907
Equipment	\$19,500	\$2,200
Fringe Benefits	\$9,311,476	\$1,162,909
Indirect Overhead	\$261,986	\$100
Total	\$22,568,067	\$2,801,637

Source: PURA staff

HYPERLINKS

Connecticut Light and Power, http://www.cl-p.com/Rates/AverageBill/Average_Bill/, last visited February 16, 2015.

Clean Energy Finance and Investment Authority, *FY 2015 Operating and Program Budget* http://www.ctcleanenergy.com/portals/0/board-materials/5b_FY%202015%20Budget_FY%202014%20Actuals_061314.pdf, last visited February 16, 2015.

PURA, *PURA Determination of the Connecticut Light and Power Company's Standard Offer – 2013 Reconciliation of CTA and SBC (Final Decision)* <http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/dab49d323ba633a685257d870069dc34?OpenDocument>, last visited February 16, 2015.

Office of Fiscal Analysis, *Connecticut State Budget: FY 15 Revisions* http://www.cga.ct.gov/ofa/Documents/year/BB/2015BB-20141015_FY%2015%20Connecticut%20Budget%20Revisions.pdf, last visited February 16, 2015.

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